

**INCUMBENT LOCAL EXCHANGE CARRIER
ANNUAL REPORT**

Company:

Northland Telephone Company of Maine

For the Year Ended December 31,

2006

Please enter any comments and notes below.

STATE OF NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Concord, New Hampshire

Telecommunications Companies
Incumbent Local Exchange Carrier

ANNUAL REPORT OF

Annual Report of Northland Telephone Company of Maine

(If name was changed during the year, enter the previous name and date of change below)

N/A

N/A

FOR THE YEAR ENDED DECEMBER 31, 2006

FEDERAL TAX ID#

10489649

Officer or other person to whom correspondence should
be addressed regarding this report:

Name	Eric Doane
Title	Director of New England Accounting Group
Address	155 Gannett Drive
	South Portland, ME 04106
Phone Number	207-642-7297
Email Address	edoane@fairpoint.com

RSA 374:15 Every public utility shall file with the commission reports at such times, verified by oath in such manner, and setting forth such statistics and facts, as may be required by the commission.

RSA 374:17 Neglect or refusal to file will result in a forfeiture of \$100 per day for each day in default.

PUC Rule 429.04-This annual report is due at the commission offices no later than March 31 of each year.

Northland Telephone Company of Maine
For the Twelve Months Ended December 31, 2006
Supplemental Schedule

Gross Revenues for Exchanges of East Conway and Chatham:

Local Service Revenue	70,725.36
Network Access Revenue	80,977.52
Long Distance Revenue	21,005.51
Miscellaneous Revenue	8,229.05
Non-regulated Revenue	<u>0.00</u>
Total Gross Revenue	\$180,937.44

INCUMBENT LOCAL EXCHANGE CARRIER

ANNUAL REPORT

OF

Name **Northland Telephone Company of Maine**

Address **155 Gannett Dr., South Portland, Maine 04106**

TO THE

MAINE

PUBLIC UTILITIES COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2006

Signature of Company Officer _____
responsible for this report

Title **Clerk** _____

Telephone # **(207) 642-7297** _____

E-Mail edoane@fairpoint.com

TABLE OF CONTENTS

Title of Schedule	Page
Instructions	2
History of Respondent	3 and 4
Balance Sheet	5 and 6
Income Statement	7
Statement of Cash Flows	8
Back-up Schedules	9
Operations	10
Exchange Profile	11
Signature	12

GENERAL INSTRUCTIONS

- I. Submit this report form on or before April 1 of the year following the year covered by this report.
- II. Each respondent must file one paper copy with the PUC. Respondents may file electronically.
- III. Prepare this report in conformity with the Maine Uniform System of Accounts (USOA) as prescribed in Chapter 210.
- IV. Information on all schedules should be rounded to the nearest dollar.
- V. Complete each question fully and accurately. Enter the word "None" or "Not applicable" where it truly and completely states the fact.
- VI. Indicate negative amounts by enclosing the figures in parentheses (). The abbreviations DR and CR may be used if needed for clarity.
- VII. If it is necessary to make revisions after the initial filing, resubmit only those pages that have been changed from the original submission.
- VIII. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and page number(s) supplemented.
- IX. Whenever schedules refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the amounts vary.

Title 35- A Revised Statutes

Section 102

"Commission" means the Public Utilities Commission.

"Corporation" includes municipal and quasi-municipal corporations.

"Person" includes a corporation, partnership, limited partnership, limited liability company, limited liability company, limited liability partnership, association, trust, estate, any other legal entity or natural person.

"Telephone Service" is the offering of a service that transmits communications by telephone, whether the communications are accomplished with or without the use of transmission wires.

"Telephone utility" includes every person, its lessees, trustees, receivers or trustees appointed by any court, that provides telephone service for compensation inside this State. "Telephone utility" does not include any person or entity that is excluded from the definition of "public utility" as defined in subsection 13, subject to the provisions of subsection 13, paragraph A to C.

Section 116

"Intrastate gross operating revenues" means intrastate revenues derived from filed rates, except revenues derived from sales for resale.

Section 709

Insider Transactions. Information pertaining to insider transactions. Each public utility shall submit to the commission with its annual report a record of insider transactions requiring review and approval under subsection 2.

Section 1508-A Administrative Penalty

1. Penalty. Unless otherwise specified in law, the commission may, in an adjudicatory proceeding, impose an administrative penalty as specified in this section.

A. For willful violations of this Title, a commission rule or a commission order by a public utility or a competitive electricity provider, the commission may impose an administrative penalty for each violation in an amount that does not exceed \$5,000 or .25% of the annual gross revenue that the public utility or the competitive electricity provider received from sales in the State, whichever amount is lower. Each day a violation continues constitutes a separate offense. The maximum administrative penalty for any related series of violations may not exceed \$500,000 or 5% of the annual gross revenue that the public utility or the competitive electricity provider received from sales in the State, whichever amount is lower.

B. For a violation in which a public utility or a competitive electricity provider was explicitly notified by the commission that it was not in compliance with the requirements of this Title, a commission rule or a commission order and that failure to comply could result in the imposition of administrative penalties, the commission may impose an administrative penalty that does not exceed \$500,000.

C. The commission may impose an administrative penalty in an amount that does not exceed \$1,000 on any person that is not a public utility or a competitive electricity provider and that violates this Title, a commission rule or a commission order. Each day a violation continues constitutes a separate offense. The Administrative penalty may not exceed \$25,000 for any related series of violations

D. In addition to the administrative penalties authorized by this subsection, the commission may require disgorgement of profits or revenues realized as a result of a violation of this Title, a commission rule or a commission order.

2. Considerations. In determining the amount of an administrative penalty under this section, the commission shall take into account:

A. The severity of the violation, including the intent of the violator and the nature, circumstances, extent and gravity of the prohibited act;

B. The reasonableness of the violator's belief that the violator's action or lack of action was in conformance with this Title, a commission rule or a commission order;

C. The violator's history of previous violations;

D. The amount necessary to deter future violations;

E. The violator's good faith attempts to comply after notification of a violation; and

F. Such other matters as justice requires.

Line	HISTORY OF RESPONDENT			
1	1. Exact name of utility, including any d/b/a			
2	Northland Telephone Company of Maine			
3				
4	2. Location of Main Office 155 Gannett Drive			
5	South Portland, Maine 04106			
6				
7	3. Location of Books and Records			
8	a. Customer	627 Route 3	South China, ME 04358	
9	b. Financial	155 Gannett Drive	South Portland, ME 04106	
10	4. Is respondent an individual, partnership, association or corporation?			
11	Corporation			
12	5. Date when utility commenced service to the public.			
13	August 1994			
14				
15	6. Names and addresses of (a) ten largest stockholders or (b) partners or members of association			
16				
17	Name	Address	(a) Shares Held	(b) % Partnership Held
18				
19				
20	ST Enterprises, LTD.	P.O. Box 199		100%
21		Dodge City, KS 67801		
22				
23				
24				
25				
26				
27				
28				
29				
30				
31	7. If utility is a corporation, give date of organization and name of state under which incorporated.			
32	November 2, 1993			
33	State of Maine			
34	8. State fully the territory that the utility is authorized to serve			
35	Maine: Brooks, Eagle Lake, Fort Kent, Freedom, Fryeburg, Island Falls, Kingman, Lee,			
36	Liberty, Lovell, Mattewamkeag, Morrill, North Fryeburg, North Lovell, Palermo, Patten,			
37	St. Francis, Sherman Mills, Smyrna Mills, Stockton Springs and Washington			
38	New Hampshire: Chatham and East Conway			
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				

Line	HISTORY OF RESPONDENT			
1	9. Officers and Directors of the Company			
2				
3				
4	OFFICERS			
5				
6	Official Title		Name	
7				
8				
9	Senior Vice President & Controller		Lisa R. Hood	
10				
11				
12				
13				
14				
15				
16				
17	DIRECTORS			
18				
19	Name	Official Address	Inside or Outside Director	Date of Installation as Director
20				
21				
22	Eugene B. Johnson	521 E. Morehead St., Suite 250		
23		Charlotte, NC 28202		
24	John P. Crowley	521 E. Morehead St., Suite 250		
25		Charlotte, NC 28202		
26	Peter G. Nixon	521 E. Morehead St., Suite 250		
27		Charlotte, NC 28202		
28	Walter E. Leach, Jr.	521 E. Morehead St., Suite 250		
29		Charlotte, NC 28202		
30	Shirley J. Linn	521 E. Morehead St., Suite 250		
31		Charlotte, NC 28202		
32	Susan L. Sowell	521 E. Morehead St., Suite 250		
33		Charlotte, NC 28202		
34				
35	10. Name and address of officer to whom correspondence may be addressed in regard to this report.			
36	Eric Doane - FairPoint Communications			
37	155 Gannett Drive, South Portland, ME 04106			
38	11. Name and address of person or firm performing the annual audit of the company's books.			
39	KPMG			
40	16000 Firstier Bank Building, Lincoln, NE 67801			
41	12. Name, address, phone number and e-mail address of contact person for regulatory affairs			
42	Rojean Tulk			
43	155 Gannett Drive, South Portland, ME 04106			
44	(207) 642-7351 rtulk@fairpoint.com			

BALANCE SHEET

Assets	Balance at End of the Year	Balance at Beginning of the Year	Increase or (Decrease)
CURRENT ASSETS			
Cash and Equivalents	43,539	33,021	10,519
Receivables	3,519,906	3,678,215	(158,310)
(Allowance for doubtful accounts)	(94,901)	(141,524)	46,623
Materials and supplies	69,377	77,375	(7,998)
Prepayments	12,431		12,431
Other Current Assets	44,815	57,742	(12,927)
		-	
Total Current Assets	3,595,167	3,704,829	(109,662)
NONCURRENT ASSETS			
Nonregulated Investments		2,123,000	(2,123,000)
Other Noncurrent Assets	4,126,134	3,110,579	1,015,555
Deferred Maintenance, Retirements and Other			-
Other Jurisdictional Assets - Net	832,680	832,680	-
Total Noncurrent Assets	4,958,814	6,066,259	(1,107,445)
PROPERTY, PLANT AND EQUIPMENT			
Telecommunications Plant in Service	68,582,145	66,477,745	2,104,400
Property Held for Future Telecommunications Use			-
Telecommunications Plant Under Construction	636,923	1,325,759	(688,836)
Telecommunications Plant Adjustment			-
Nonoperating Plant	822	822	-
Goodwill	14,474,578	14,474,578	(0)
Total Property, Plant and Equipment	83,694,468	82,278,904	1,415,564
DEPRECIATION AND AMORTIZATION ACCOUNTS			
Accumulated Depreciation	(60,795,170)	(55,714,548)	(5,080,622)
Accumulated Depreciation - Held for Future Telecom. Use			-
Accumulated Depreciation - Nonoperating			-
Accumulated Amortization - Tangible	(3,516,508)	(3,493,181)	(23,327)
Total Depreciation and Amortization Accounts	(64,311,678)	(59,207,729)	(5,103,949)
Net Property, Plant & Equipment	19,382,790	23,071,175	(3,688,385)
TOTAL ASSETS	27,936,771	32,842,263	(4,905,492)

BALANCE SHEET			
Liabilities and Equity	Balance at End of the Year	Balance at Beginning of the Year	Increase or (Decrease)
CURRENT LIABILITIES			
Current Accounts & Notes Payable	1,603,169	1,551,265	51,904
Customer's Deposits	-	-	-
Income Taxes - Accrued	(157,901)	8,170	(166,071)
Other Taxes - Accrued	815,824	165,021	650,803
Net Current Deferred Operating Income Taxes			-
Net Current Deferred Nonoperating Income Taxes			-
Other Current Liabilities	270,940	188,148	82,792
Total Current Liabilities	2,532,032	1,912,604	619,428
LONG-TERM DEBT			
Total Long Term & Funded Debt			
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long Term Liabilities & Deferred Credits			-
Unamortized Operating Investment Tax Credits - Net			-
Unamortized Nonoperating Investment Tax Credits - Net			-
Net Noncurrent Deferred Operating Income Taxes	3,793,964	3,399,834	394,130
Net Deferred Tax Liability Adjustments			-
Net Noncurrent Deferred Nonoperating Income Taxes			-
Deferred Tax Regulatory Adjustments - Net			-
Other Jurisdictional Liabilities and Deferred Credits - Net	-	-	-
Total Other Liabilities and Deferred Credits	3,793,964	3,399,834	
STOCKHOLDERS' EQUITY			
Capital Stock	1	1	-
Additional Paid-In Capital	37,120,115	37,120,115	0
Treasury Stock			-
Other Capital			-
Retained Earnings	(15,509,341)	(9,590,291)	(5,919,050)
Total Stockholders' Equity	21,610,775	27,529,825	(5,919,050)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	27,936,771	32,842,263	(4,905,492)

INCOME STATEMENT				
REVENUES	INTRA	INTER	COMPANY TOTAL	CHANGE FROM PRIOR YEAR
Basic Local Service Revenue	8,598,361	XXX	8,598,361	(303,157)
Network Access Service Revenues	XXX	XXX	-	-
End User Revenue	xxx	1,959,791	1,959,791	(34,763)
Switched Access Revenue	1,947,355	3,180,098	5,127,453	(416,780)
Special Access Revenue	173,828	1,544,953	1,718,781	(358,967)
Total Network Access Revenue	10,719,544	6,684,843	17,404,386	(1,113,666)
Long Distance Message Revenue	10,852		10,852	6,321
Miscellaneous Revenue	224,863	593,329	818,192	(46,169)
Nonregulated Operating Revenue		297,940	297,940	54,284
Uncollectible Revenue	(85,869)		(85,869)	183,859
Total Operating Revenues	10,869,389	7,576,112	18,445,501	(915,372)
EXPENSES				
Network Support Expense			(27,294)	(33,942)
General Support Expense			1,442,479	378,228
Central Office Switching Expense			963,233	119,904
Operator Systems Expense				-
Central Office Transmission Expense			277,535	97,856
Information Origination/Termination Expense			5,026	(52)
Cable and Wire Facilities Expense			1,576,743	(39,441)
Other Property, Plant & Equipment Expenses			25,831	341
Network Operations Expenses			1,207,254	39,659
Access Expense			264,145	10,374
Depreciation and Amortization Expenses			5,916,542	268,658
Marketing Expense			340,950	(36,482)
Services Expense			1,731,195	(61,120)
General and Administrative Expense			2,889,258	(789,378)
Provision For Uncollectible/Notes Receivable				-
Total Operating Expenses			16,612,896	(45,395)
Other Operating (Income) and Expenses			-	-
Operating Taxes			1,095,517	(51,820)
NET OPERATING INCOME			737,089	(818,156)
Nonoperating (Income) and Expenses			(53,000)	124,902
Nonoperating Taxes			82,276	(135,366)
Interest and Related Items			(137)	(137)
Extraordinary Items				(53,000)
Total Non-operating Accounts			29,139	(63,601)
Income Effect of Jurisdictional Ratemaking Differences - Net				-
Nonregulated Net Income				-
NET INCOME			707,950	(754,556)

STATEMENT OF CASH FLOWS

Line	Item (a)	Amount in \$ (b)
1	CASH FROM OPERATING ACTIVITIES	
2	Net Income	707,950
3	Adjustments to Net Income	
4	Depreciation	5,916,542
5	Deferred Taxes - Net	394,130
6	Investment Tax Credits - Net	
7	Change in Accounts Receivable	111,687
8	Change in certain other Current Assets	496
9	(list items over \$10,000 on a	
10	supplementary schedule)	
11	Net change in Accounts Payable	536,636
12	Changes in certain other Current Liabilities	82,792
13	Net change in certain Noncurrent Assets and Liabilities	1,107,445
14	Interest During Construction	
15	Other (list items over \$10,000 on a	7,998
16	supplementary schedule)	
17	Net Cash (used in) from Operating Activities	8,865,675
18	CASH FROM INVESTING ACTIVITIES	
19	Acquisitions of Property, Plant and	
20	Equipment, net of Capital Lease Related Acquisitions	(2,208,629)
21	and Interest During Construction	0
22	Proceeds from Disposal of Property, Plant	
23	Equipment, net of Cost of Removal	(19,528)
24	Investment Acquisitions, principally equity	0
25	Net Cash from (used in) Investing Activities	(2,228,157)
26	CASH FROM FINANCING ACTIVITIES:	
27	Net Borrowings (repayments) of Short Term Debt	0
28	Issuance of Long Term Debt	0
29	(Retirement) of long term debt	0
30	(Dividend Payments)	(6,627,000)
31	NET CASH FROM (USED IN) FINANCING	(6,627,000)
32	Net Increase (Decrease) in Cash and Temporary Cash Investments(TCI)	10,519
33	Cash and TCI at Beginning of Year	33,021
34	Cash and TCI at End of Year	43,539

**ACCOUNT # 2001 TELEPHONE PLANT IN SERVICE
SUMMARY OF DETAIL ACCOUNTS**

Account Name	Balance @ Begin Year	Additions	Retirements	Adjustment	Balance @ End Year
Land and support assets	5,448,001	241,128	(113,672)		5,575,457
Central office switching	4,155,585	6,871			4,162,456
Operator systems	3,274				3,274
Central office-transmission	21,151,603	979,134	(340,765)		21,789,972
Information origination/termination	215,798				215,798
Cable and wire facilities	35,491,217	1,670,332	(338,449)	(178)	36,822,922
Amortizable tangible assets					-
Intangibles	12,266				12,266
Total	66,477,744	2,897,465	(792,886)	(178)	68,582,145

LONG TERM DEBT SUMMARY

Name of Lender	Original Loan Amount	Balance @ End Of Year	Interest Rate
N/A			
Total			

NOTE: Amounts shown on this schedule should reflect all items
(such as premiums and discounts) included in account number 32.4200

NOTE: If the interest rate is variable, show the effective average rate for the reported year and a concise description of the basis for the rate.

RETAINED EARNINGS

	Debits	Credits
Retained Earnings at Beginning of Year		(9,590,291)
Credits:		
Credit Balance Transferred from Income	XXX	707,950
Miscellaneous Credits	XXX	
Debits:		
Debit Balance Transferred from Income		XXX
Dividends Declared	6,627,000	XXX
Other Adjustments ¹		
Retained Earnings at End of Year		(15,509,341)

¹ Provide details of Any Material Accounts

	<u>2006 Annual Report</u>
	Northland Telephone Company
	<u>Exchange Profile Information (Confidential)</u>
	The Exchange Profile Information, page 11 of this annual report, is confidential and
	has been filed with the Maine Public Utilities Commission under separate cover.

State of Maine

County of Cumberland,ss

I, THE UNDERSIGNED Eric Doane Clerk
(Print name of officer) (Title)

of Northland Telephone Company of Maine
(Full Name of Respondent)

do make oath that the foregoing return has been prepared, under my direction from the original books, papers and records of said Company; that I have carefully examined the same and declare the same to be a complete and correct statement of the business and affairs of said Company in respect to each and every matter and thing herein set forth; and I further say that no deductions were made before stating the operating revenues herein set forth, except those shown on the foregoing accounts; and that the accounts and figures contained in the foregoing return embrace all of the financial operations of said Company during the period for which said return is made, to the best of my knowledge and belief.

(Owner or Officer)

SUBSCRIBED AND SWORN TO before me

this _____ day of _____ 20__

Northland Telephone Company of Maine

Report for Year Ended December 31, 2006

AFFILIATE BILLINGS FROM UTILITIES INC./MJD COMMUNICATIONS, INC.		
Acct. No.	Account (a)	Total (f)
	PLANT SPECIFIC OPERATIONS EXPENSE	
6110	Network Support Expenses	37,905
6120	General Support Expenses	1,319,069
	Central Office Equipment Expense	
	Please provide if available:	
6211	Analog Electronic Expense	
6212	Digital Electronic Expense	82,631
6215	Electro-Mechanical Expense	
6210	Subtotal Central Office Equipment Expenses	82,631
6220	Operator Systems Expense	
6223	Central Office Transmission Expenses	5,513
6310	Information Origination/ Termination Expense	0
6410	Cable and Wire Facilities Expenses	2,463
	TOTAL PLANT SPECIFIC OPERATING EXPENSES	1,447,580
	PLANT NONSPECIFIC OPERATIONS EXPENSE	
6510	Other Property, Plant and Equipment Expenses	25,682
6530	Network Operations Expenses	313,608
6540	Access Expense	
6560	Depreciation and Amortization Expenses	
	TOTAL PLANT NONSPECIFIC OPERATIONS EXPENSES	339,290

NORTHLAND TELEPHONE OF MAINE		
Report for Year Ended December 31, 2006		
AFFILIATE BILLINGS FROM UTILITIES INC./MJD COMMUNICATIONS, INC.		
Acct. No.	Account (a)	Total (f)
	CUSTOMER OPERATIONS EXPENSE	
6610	Marketing	250,384
6620	Services	1,342,900
	TOTAL CUSTOMER OPERATIONS EXPENSE	1,593,284
	CORPORATE OPERATIONS EXPENSE	
6710	Executive and Planning	787,506
6720	General and Administrative	1,934,906
6790	Provision for Uncollectible Notes Receivable	
	TOTAL CORPORATE OPERATIONS EXPENSE	2,722,412
	TOTAL OPERATING EXPENSES	<u>6,102,566</u>

Maine Public Utilities Commission
Utility Contact Information Sheet
Please provide 24x7 utility contact information for BOTH
Operational AND Security Issues below

Utility Name: FairPoint Communication (includes China, Community Service, Maine, Northland, Sidney and Standish Telephone Comp

Division/Section (if applicable): _____

Effective Date: January 1, 2007

Primary Contact – Operational Issues

Name: Bruce Ballantyne

Title: Director, Operations & Engineering

Telephone # (business hours): 207-642-7223, 8am to 5pm Mon-Fri

Telephone # (non-businesshrs.): Home:207-839-2320/Cell:207-233-

E-mail: bballantyne@fairpoint.com

Fax #: 207-642-3095

Other contact information: Walt Levesque, Mgr, Operations (Bus:207-445-3820, home:207-563-3101/Cell:207-592-0475

Email: wlevesque@fairpoint.com

Secondary/Backup Contact – Operational Issues

Name: Cathy Harrington

Title: Project Coordinator/AdminAsst

Telephone # (business hours): 207-642-7239, 8am to 5pm

Telephone # (non-business hrs.): 207-774-7095/Cell:207-233-9979

E-mail: __charrington@fairpoint.com

Fax #: 207-642-3095

Other contact information: RoJean Tulk, Mgr, Regulatory & Legislative Affairs (Bus:207-642-7351/Cell:207-233-9373

Contact – Security Issues

Name: _Bruce Ballantyne

Title: __Director, Operations & Engineering

Telephone # (business hours): 207-642-7223, 8am to 5pm Mon-Fri

Telephone # (non-businesshrs.): Home:207-839-2320/Cell:207-233-

E-mail: bballantyne@fairpoint.com

Fax #: 207-642-3095

Other contact information: __Cathy Harrington (see above)

Submitted by __Cathy Harrington

Date 3/26/07

For any clarification about this sheet contact:

Joe Sukaskas, 207-287-1375

joe.sukaskas@maine.gov

or

Faith Huntington, 207-287-1373

faith.huntington@maine.gov

Send completed form to:

Fax: 207-287-1039 or

Maine Public Utilities Commission

State House Station 18

242 State Street

Augusta, ME 04333-0018

anies

9920

—

9920

<u>2006</u>	<u>E. Conway Exchange</u>	<u>Chatham Exchange</u>	<u>Total</u>
Business Access lines	18	22	40
Residential Access lines	135	209	344
Switches			
Customers	153	231	384